PAVCO

PAVCO
(B.C. PAVILION CORPORATION)
STRATEGIC BUSINESS PLAN
APRIL 2000

PAVCO
STRATEGIC BUSINESS PLAN
APRIL 2000

Content

PAVCO
MISSION, MANDATE, VISION, STRATEGIC GOALS, AND VALUES

The **Mission** of PAVCO is: "to provide the best event experience in North America." Service quality attracts clients to the facilities and brings them back for repeat visits.

The **Mandate** of PAVCO is: "to generate net economic benefit to the Province of British Columbia." Annual gross revenues of PAVCO are close to $30 million. Independent studies show that net economic benefits generated by the Corporation exceed $500 million per annum.

The **Vision** of PAVCO is that:

Our unique properties will be known for enhancing the community and enriching a world class destination.
Inside our doors will be found personal service, professionalism and technological expertise.
For those who work and gather here, we will encourage innovation, accomplishment and passion.

The **Strategic Goals** of PAVCO are:

- to increase economic benefit to the Province of British Columbia;
- to improve financial performance;
- to provide a high level of service and value to our customers;
- to maximize penetration of target markets;
- to maintain, improve and expand our properties;
- to create work environments conducive to organizational and personal success;
- to enhance the experience of our clients and the efficiency of our business through technology; and
- to be environmentally responsible in conducting our business.

The Operating **Values** of PAVCO are:

- FINANCIAL RESPONSIBILITY - We make significant economic contributions to the Province and strive to generate revenues to offset our operating costs.

- QUALITY AND SERVICE - We set and meet high standards of service.

- RESPECT, FAIRNESS, AND HONEST COMMUNICATION - We treat each other as we wish to be treated, and we openly share information to increase employee understanding and meaningful involvement.

- CREATIVITY AND INNOVATION - We take responsible risks to find better ways, new methods and processes to get the job done.

- ENTHUSIASM AND HUMOUR - We show our enjoyment of our work and each other.

- INTEGRITY - We apply our values and deliver on our promises.

CORPORATE PROFILE

Corporate Office 600 – 375 Water Street
Vancouver, BC V6B 5C6

PAVCO has made significant progress over the years in developing and implementing strategic plans. Management have focussed the organizational resources on this planning process to ensure rapid execution and sustained momentum. Strategic objectives have been developed with staff and management input in order to support and fulfill our mandate and mission.

PAVCO operates the following public facilities:

- Vancouver Convention and Exhibition Centre;
- BC Place Stadium;
- Robson Square Conference Centre;
- Tradex; and
- Bridge Studios.

BC Place Stadium and The Bridge Studios are owned by PAVCO, and the remaining facilities are held under leasehold or operating agreements.

Each of the facilities and corporate departments have annual strategic plans that create a flexible and responsive plan by defining objectives, evaluating alternatives and linking short term plans to long term goals. Corporate strategic objectives are tied into each facility's strategic plan, individual employee objectives and corporate values.

The Strategic Plans are fluid and evolving, with status updates provided regularly. Performance measures have become an integral tool in evaluating the success of the operation, and helps Management focus on priority issues.

PAVCO's facility base is located in the Lower Mainland and Fraser Valley. Resulting from a meeting with the Cabinet Committee on Crown Corporations in 1999, Management was requested to expand its operating base further into British Columbia. As a result, the Corporation has launched an initiative called "Meetings B.C." This division will coordinate the promotion of the meetings and incentive travel business throughout the Province.

Economic Benefit

It is estimated that for fiscal 2001 PAVCO will generate over $508 million in economic benefit to the City of Vancouver and the Province of British Columbia.

Funding Requirements

Funding is received from the Ministry of Small Business, Tourism and Culture. Since inception, annual funding has been reduced from over $10 million received in fiscal 1988 to the $2.38 million expected for fiscal 2001. This funding reduction has been due to continuing government restraints as well as better financial performance by PAVCO. In recent years, a large portion of the funding has been applied to capital acquisitions, PAVCO has come close to break-even on operations. For fiscal 2001, the combined operating and sustaining capital requirement is higher than the expected funding allocation. Management will be re-forecasting in order to meet the allocation. Additional funding will be required for refitting the Vancouver Convention & Exhibition Centre, and enhancing the BC Place Stadium exterior.

Comparison of	Fiscal '97 Actual	Fiscal '98 Actual	Fiscal '99 Actual	Fiscal '00 Forecast	Fiscal '01 Budget
Operating Profit (Loss) in $000	$(982)	$(607)	$(1,261)	$(33)	$(351)
Sustaining Capital	$(1,406)	$(2,816)	$(2,074)	$(2,432)	$(2,314)
Facility Upgrades	$0	$0	$0	$0	$(2,030)
Bridge Studios Construction	$(2,010)	$(650)	$0	$0	$0

Operating

Operating results have improved over the past 12 years to a point where the Corporation is close to break even on operations. For fiscal 2001 a small deficit is expected, mostly due to reduced activity at BC Place Stadium. However, profitability at Vancouver Convention & Exhibition Centre and Bridge Studios will be close to record levels.

Revenues for fiscal 2001 at $28.6 million will be lower than for fiscal 2000, due to non-occurrence of Grey Cup, Western Final, and no concert activity at BC Place Stadium, although the year will be strong for citywide convention activity and movie productions. The gross margin is expected to be close to fiscal 2000 levels. Facility costs will rise slightly from fiscal 2000 levels, mainly due to the launch of Meetings BC, which is a division of the Corporation being developed to increase the province-wide meetings and incentive travel business.

Capital

PAVCO is responsible for the maintenance and upkeep of buildings and improvements with a cost of close to $200 million through ownership or long-term operating agreements. As PAVCO's facilities age, the requirement for regular maintenance and capital repairs increases. These rising costs reduce profitability for the Corporation, and the advancing age of the facilities makes them less attractive to event producers, especially as more modern venues are available. In order to maintain competitiveness, it is essential to keep the facilities in first-class condition.

For the past few years sustaining capital requirements have been at between $1.4 million and $2.8 million annually, as noted above. Over the next few years, the annual requirement is expected to rise to over $3 million. In addition to sustaining capital requirements, $2.03 million is needed in fiscal 2001, for project upgrades to the Vancouver Convention and Exhibition Centre deferred while discussions were underway on expansion, and exterior image enhancements at the BC Place Stadium.

OVERVIEW OF CURRENT STRATEGIC POSITIONING

Analysis of recent financial and operational performance:

Over the past five years, the Corporation has operated with a small deficit, and is expected to come close to break-even for fiscals 2000 and 2001. The three major revenue-generating facilities of the Corporation are:

- Vancouver Convention and Exhibition Centre;
- BC Place Stadium; and
- Bridge Studios.

The **Vancouver Convention & Exhibition Centre** historically incurred a loss of up to $1.5 million per annum. Recently, however, these losses have changed to small operating profit now that the facility is essentially fully occupied by conventions at peak periods. In addition to becoming profitable, the facility also generates close to 50% of the Corporation's total net economic benefits to the provincial economy. Fiscal 2000 will be the best ever for the facility with a profit of close to $400,000. Profitability should be repeated for fiscal 2001.

The **BC Place Stadium** has seen its business base change fairly significantly over the past few years. It is British Columbia's largest trade and consumer show facility as well as being home to the B.C. Lions Football team and many special events each year. Profitability has declined in recent years with the loss of some high profile events and due to changing consumer tastes. At 17 years old, and with a cost of over $170 million, it needs increasing amounts of funding to keep it in good repair. In fiscal 2000, as a result of the Grey Cup, the facility will come close to break-even on operations. In fiscal 2001, without such a high profile event, the losses are expected to be approximately $500,000.

The **Bridge Studios** is PAVCO's most profitable facility. This profitability is due to the prolonged growth of the film industry in British Columbia, and the Studios' rentable space having been expanded twice in the past six years. Film studio space by nature is warehouse style, fairly easy to maintain, and is leased to producers on a turnkey-style basis. The Bridge Studios contributes close to 50% of the economic benefits generated by the Corporation. Because of shortages in production space for feature films in the Lower Mainland, PAVCO is monitoring the opportunities for further expansion.

Assessment of PAVCO's opportunities and challenges:

The following are the Corporation's major strengths:

- The Corporation is fairly small compared to other Crown Corporations and is able, therefore, to adapt to changes in economic conditions quickly.
- PAVCO, and its management team, is recognized throughout North America as a leader in its industries.

- Because of the Corporation's diverse business base, the economic downturns affecting the results of one are balanced by stronger performance in other facilities.

The following are the Corporation's major challenges:

- The capital-intensive facilities are becoming more costly to maintain as they become older.
- PAVCo is operating in a competitive private sector driven environment, and recruiting and retaining key staff members will always be a challenge.
- The allocation of reducing capital funding resources, taking into account necessary repairs required to maintain assets, and those improvements which could cause additional economic benefits to be generated through PAVCo's activities.

MAJOR STRATEGIC ISSUES AND INITIATIVES

EXPANSION OF THE VANCOUVER CONVENTION AND EXHIBITION CENTRE

The highly successful Vancouver Convention & Exhibition Centre has been responsible for generating in excess of $250 million annually in economic benefits at the local, provincial and federal level. The Vancouver Convention & Exhibition Centre has now achieved utilization levels well in excess of most North American convention facilities. Without expansion, the Vancouver Convention & Exhibition Centre will fall behind three Canadian cities and over 80 North American cities, which have larger sized facilities than Vancouver. Expanded convention facilities in the city are required in order to compete for premium business worldwide, and when complete are expected to generate incremental spending of $224 million on an annual basis.

Expansion plans to the east of Canada Place were halted in October 1999, due to several unresolved issues that included federal government participation, hotel financing and a labour agreement. An industry-based task force has been formed to investigate further expansion and is comprised of representatives of PAVCo; Tourism Vancouver; the Vancouver Board of Trade; Vancouver Hotel Association; B.C. Chamber of Commerce; and the Vancouver International Airport Authority. The Task Force has endorsed the concept that the convention centre expansion be adjacent to and contiguous with the Vancouver Convention & Exhibition Centre. The west side Burrard Landing alternative has now been evaluated by PAVCo Management and those findings have been released for review and consideration by the Provincial and Federal governments.

The requirements for Vancouver's expanded convention centre are: 250,000 sq. ft. exhibit hall; 50,000 sq. ft. ballroom; 83,000 sq. ft of meeting space; 1500 seat lecture theatre; upgrades to food and beverage facilities; enhanced technology infrastructure; and retrofit of the existing convention centre.

An important part of any construction commitment, including the renovations of the current facility, would be the negotiation of cost sharing between governments and industry.

The Burrard Landing proposal requires 44 months of construction, and therefore is not expected to be complete before 2004.

FUTURE PLANS FOR THE BRIDGE STUDIOS

The Bridge Studios is the Corporation's most significant financial success story. Located on fifteen acres of land in Burnaby, the profitability of the facility has risen from $300,000 in fiscal 1989 to a projected $2.1 million in fiscal 2000. It generates over $250 million in economic benefits annually.

Over the past six years, the facility has undergone two major expansions and four of its six sound stages have long-term bookings for TV series. The Effects Stage is reserved for feature movie productions. In the current year, occupancy of the Studios will reach over 95% and as a result, a significant amount of new business has been turned away.

There may be opportunities to expand, and the most recent evaluations show that a development would occupy approximately eleven acres of a fifteen-acre site with four acres remaining for future expansion. Management estimates that a facility constructed west of the Fraser River would generate an annual profit of approximately $2.25 million annually based on a 65% occupancy rate and $300 million in annual economic benefits. These figures compare to a profitability of $1.8 million annually and $200 million in annual economic benefits east of the Fraser river based on 50% occupancy.

EXPIRY OF OPERATING AGREEMENT FOR ROBSON SQUARE CONFERENCE CENTRE

The operating agreement for Robson Square Conference Centre expires December 31, 2000, and the landlord, BC Buildings Corporation, will be redeveloping the property. Over the past 10 years, the Corporation has built up a large clientele that prefers the full-service approach of a dedicated conference facility to a hotel environment. Clients are also demanding a broad range of technology to better deliver exceptional events. PAVCo is committed to a continuing presence downtown in the meetings and smaller conference business.

FUNDING OF CAPITAL REPAIRS AND ADDITIONS

PAVCo is responsible for the maintenance and upkeep of buildings and improvements with a cost of close to $200 million through ownership or long-term operating agreements. As PAVCo's facilities age, the requirement for regular maintenance and capital repairs increases. These rising costs reduce profitability for the Corporation, and the advancing age of the facilities makes them less attractive to event producers, especially as more modern venues are available. In order to maintain competitiveness, it is essential to keep the facilities in first-class condition.

Funding requirements for capital programmes are as follows:

Sustaining capital

The sustaining capital needs of the Corporation will be over $2.4 million in fiscal 2001. At this level of investment, capital projects will focus on replacing worn out assets rather than investing in new assets that can generate new revenue streams. Most of the funding for fiscal 2001 will be allocated towards capital needs. At the current funding level, the investment in capital replacements represents approximately 1% of the total asset base, and as such cannot be sustained for long without the facilities' appearances deteriorating.

Extraordinary items

Government policy does not allow the Corporation to set up reserves to replace major assets. Included in this category are the roof and artificial turf at the BC Place Stadium. Management has been advised that if a major asset needs to be replaced (cost over $10 million), adequate notice should be given to Treasury Board staff in order for the replacement to be included in the Provincial Capital Plan. No provision has been made for major facility upgrades in the plans.

One-time upgrade of Vancouver Convention & Exhibition Centre and the BC Place Stadium

Due to the deferral of renovations, investment is now required at the Vancouver Convention and Exhibition Centre to bring it up to the standards expected of a first class convention facility. Pending a decision on expansion of convention space in Vancouver, capital expenditures at the facility were minimized, as any upgrades were unnecessary with a retrofit. However, due to the cancellation of the project, a major upgrade is now necessary and will be spread over the next two fiscal years, revitalizing convention, meeting room, ballroom and reception space to keep it up to the standards of the facility's competitors. Total costs will be approximately $4 million, with $1.5 million for fiscal 2001, and $2.5 million for fiscal 2002.

BC Place Stadium needs certain exterior and interior upgrades to make it more dynamic and to blend it into the neighbourhood. As part of its integration into the community, several enhancements are being planned, including the addition of banners which will be used extensively outside the facility to liven up its appearance, and upgrades to the Robson Street entrance to the facility including a renovation of the Terry Fox Plaza.

VANCOUVER CONVENTION AND EXHIBITION CENTRE

200 - 999 Canada Place
Vancouver, BC V6C 3C1

- Opened July 1987
- 94,000 sq. ft. of column-free exhibition space (91,205 sq. ft. useable) for 469 10' x 10' exhibit booths; theatre style for 8,000 or banquets for 6,000.
- An adjoining 16,600 sq. ft. ballroom; theatre style for 1,600 or banquets for up to 1,350; 84 10' x 10' exhibit booths.
- 20 meeting rooms from 500 to 6,500 sq. ft. for 40 to 600 guests theatre style.
- 40 full-time staff and 6 official suppliers.

Economic Benefit

For fiscal 2001, it is estimated that PAVCo will generate over $508 million in economic benefit to the City of Vancouver and the Province of British Columbia. Approximately 50% of this economic benefit result from activity at the Vancouver Convention and Exhibition Centre.

Contribution (Funding) Requirements

Comparison of	Fiscal '97 Actual	Fiscal '98 Actual	Fiscal '99 Actual	Fiscal '00 Forecast	Fiscal '01 Budget
Operating Profit (Loss) in $000	$(510)	$151	$(403)	$283	$303
New Facility Marketing					$(300)
Sustaining Capital	$(312)	$(1,057)	$(540)	$(686)	$(569)
Facility Upgrades	$0	$0	$0	$0	$(1,500)

Operating

As a result of exceptional convention activity over the past few years, the facility has seen a trend of reduced requirements for operations funding, and now profitability. Fiscal 2000 will be the best year ever for operations, with effective capacity having been reached for convention activity. The trend is expected to continue in fiscal 2001. Profitability is a remarkable achievement for a convention centre, as these facilities are frequently used as loss leaders in order to attract business and economic impact to the communities. Occupancy rates at the Vancouver Convention & Exhibition Centre are at the high end of those experienced in other comparable North American convention facilities and are expected to remain so. Any increase in revenues would be through infill business, as most major blocks are reserved several years in advance.

Costs of administering and maintaining the facility have remained fairly stable over the past few years. Instead of embarking on costly marketing campaigns, Management has joined with other local and provincial businesses in co-operative programmes. Gains in operating efficiencies have tended to offset inflationary increases. However, as the

facility ages, however, there is increased pressure to repair and replace obsolete fixtures and equipment.

Capital

When the facility opened, it was fully furnished and equipped by the landlord. The landlord carries out most capital repairs and improvements to the structure and costs are passed on to the tenants in the building. These costs are expected to be in the $500,000 per annum range for the next five years assuming that an expansion will take place and there will be a facility retrofit on completion of the expansion.

The Corporation is responsible for maintaining the interior of the facility. As the Vancouver Convention & Exhibition Centre is in competition for convention business worldwide, it is of prime importance to maintain the fit and finish in first-class condition to keep market share. Deferral of projects can have a detrimental effect on future bookings.

PAVCO is being faced with mounting costs to keep the finish of the facility up to acceptable standards. Capital repairs and replacements over the past two years were reduced, as a retrofit was expected as part of the new Portside development. A partial retrofit is now planned for fiscals 2001 and 2002 to maintain the expected levels of quality for clients.

New facility marketing

Management feels that with the current initiative underway for the Burrard Landing site, expenditures will be required for fiscal 2001 to market the new facility so that adequate bookings are made for the opening year.

BC PLACE STADIUM

777 Pacific Boulevard
Vancouver, BC V6B 4Y8

- Opened June 19, 1983.
- Still the largest air-supported domed stadium in the world.
- 240,000 sq. ft. of exhibition space (Level 1 - 167,000 sq. ft.; Level 2 - 80,000 sq. ft.).
- 59,556 seats including 676 private suite seats.
- 35 private suites for 10 to 14 guests; B.C. Place Suite for 36 guests; four hospitality rooms for 30 to 65 guests.
- 10 meeting rooms for up to 800 theatre style or 500 banquet guests.
- 29 full-time non-union staff, 400 full-time and part-time union staff (full-time equivalent of 63 employees); 8 full-time and 650 part-time Servomation employees.

Contribution (Funding) Requirements

Comparison of	Fiscal '97 Actual	Fiscal '98 Actual	Fiscal '99 Actual	Fiscal '00 Forecast	Fiscal '01 Budget
Operating Profit(Loss) in $000	$(39)	$22	$(1,025)	$(24)	$(535)
Sustaining Capital	$(693)	$(1,082)	$(1,419)	$(1,179)	$(1,390)
Facility Enhancement	$0	$0	$0	$0	$(530)

Operating

During the years after opening, the facility realised net profits of over $1 million per annum. One of the major factors was the ownership of parking lands surrounding the Stadium. With the sale of the Expo Lands, break-even or a modest loss has been a more realistic scenario, unless a large concert or the Grey Cup is held. During fiscal 1999 there were some losses of regular shows and the Auto Show was scheduled into the next fiscal because of date changes. Fiscal 2000 improved somewhat, and another moderate loss is expected for fiscal 2001. Management continues to seek opportunities to sell title sponsorship for the facility.

Over the past few years, the facility has faced increased competition for discretionary entertainment dollars, particularly from GM Place. Additionally, sponsorship revenues have become more difficult to secure, although income from this source is currently close to an all-time high. Revenues for the facility have remained close to $9 million per annum for a few years, and are expected to continue near that level.

Over the next few years, the challenge at the Stadium is to build its business and increase its market share of events. This includes adding new shows at off peak periods, managing the yield on current shows, and enhancing the image to attract new patrons. Also corporate sponsorship, which is a major revenue source for the facility, is becoming

more difficult to secure, so new innovations are required within the facility to attract a larger sponsorship base.

Facility costs have been reduced and have remained close to $5.5 million per annum for the past few years. To hold costs to these levels, staffing and maintenance programmes have been cut. An indirect result of reduced maintenance has been the requirement for capital replacements on a higher basis than hoped, and continued restraint will lead to higher capital costs in future years.

Capital

With the facility entering its seventeenth year of operation, much of the original fit and finish has become obsolete or worn out. In the past few years, the artificial turf, scoreboard, exterior starboards and sound systems have been replaced.

Because of continued funding cutbacks, the capital replacement programme will be focussed on replacement of worn out assets rather than improvements to the facility. With a total asset base of close to $175 million, this level of capital replacement is insufficient to maintain the facility on a long-term basis.

In order to make the Stadium a part of the downtown community, some interior and exterior enhancements will be requested for fiscal 2001. These include upgrading the Robson Street entrance and the Terry Fox Plaza outside the Stadium, and the concession and food service areas within the Stadium.

ROBSON SQUARE CONFERENCE CENTRE
800 Robson Street
Vancouver, BC V6Z 2C6

- Came under PAVCo's management in November 1989.
- Totally renovated in 1990.
- 10,150 sq. ft. ballroom with atrium; in total 35,000 sq. ft. of exhibition space.
- Ballroom – 900 for receptions, 700 dinner guests, 1,000 theatre style.
- Eight meeting rooms for 12 to 350.
- Two theatres: Judge MacGill with 350 seats, screening facility 16/35 mm; and Judge White with 250 seats, presentation facility with rear-screen capacity.
- Outdoor plaza for skating and community entertainment events.
- 10 full-time and 4 part-time staff, and 8 official/preferred suppliers.
- Video and high-speed data capabilities, including videoconferencing.

Contribution (Funding) Requirements

Comparison of	Fiscal '97 Actual	Fiscal '98 Actual	Fiscal '99 Actual	Fiscal '00 Forecast	Fiscal '01 Budget
Operating Profit(Loss) in $000	$54	$36	$(1)	$1	$13
Sustaining Capital	$(39)	$(124)	$(12)	$(20)	$(5)

Operating

Robson Square Conference Centre provides service to a niche market within downtown Vancouver. It is the Corporation's busiest facility by number of events held. It provides an excellent venue for meetings and conferences which cannot be accommodated in nearby hotels. It also provides space for smaller sized trade and consumer shows which are too small for the Corporation's larger facilities.

Profitability for both fiscal fiscals 2000 and 2001 are expected to be a breakeven situation, after providing for the payment of a 60% profit share to the landlord. The operating agreement for the facility will expire December 31, 2000.

Capital

As the facility will close in December 2000, only $5,000 will be invested in fiscal 2001.

TRADEX

(Fraser Valley Trade & Exhibition Centre)
1190 Cornell Street
Abbotsford, BC V2T 6H5

- Opened in July 1991; cost $4.5 million, sitting on thirteen acres of land leased from the City of Abbotsford.
- 120,000 sq. ft. of column-free exhibition space; 600 (10' X 10') booth exhibit floor.
- Two-level 4,000 sq. ft. food court/lounge; Four meeting rooms for up to 150.
- 45 minutes from Vancouver and 1.5 million consumers within one hour.
- Six full-time staff and 40 part-time food and beverage staff; three official suppliers.

Contribution (Funding) Requirements

Comparison of	Fiscal '97 Actual	Fiscal '98 Actual	Fiscal '99 Actual	Fiscal '00 Forecast	Fiscal '01 Budget
Operating Profit(Loss) in $000	$(9)	$70	$77	$50	$85
Road and Parking Improvements	$0	$0	$0	$(250)	$(75)
Sustaining Capital	$(49)	$(33)	$(45)	$(222)	$(100)

Operating

The facility has historically operated at close to a break-even situation each year. Attendance building has been one of the main focuses of the business plan, both through higher event days within the facility and increased patrons at the events. The Corporation will be jointly upgrading parking and access to the facility with the Abbotsford Airport Authority over the next year and a provision for partial repayment has been included in fiscals 2000 and 2001.

Facility costs, currently running at approximately $650,000 per annum, have increased by $100,000 per annum over the past two years, mainly as a result of bringing foodservices in-house. Operationally, Tradex is still relatively new, so a large portion of fixed costs are for utilities. Operating costs account for 32% of facility expenses, and staffing 45%. With a minimum of facility staff and high fixed overheads, the opportunity for reducing costs and maintaining service and operational levels is limited.

Capital

Capital costs at the facility have been low since its opening. Most costs have been associated with improving and replacing the original poor quality installations. In the five-year plan, capital requirements will continue to be modest, with most of the costs involving the replacement of poor quality installations.

BRIDGE STUDIOS

2400 Boundary Road
Burnaby, BC V5M 3Z3

- Opened in June 1987, managed by PAVCO since 1989.
- North America's largest Effects Stage totalling 40,400 sq. ft. with 50' high clearance.
- Six Sound Stages totalling 78,000 sq. ft., including two stages completed in March 1997, production office and workshop facilities.
- Major feature and television credits.
- Five full-time employees.
- Movie productions include Jumanji, Snow Falling on Cedars, and Mission to Mars.
- TV series include Stargate, Outer Limits, and Poltergeist.
- Vancouver continues to be the third-largest production centre in North America.

Contribution (Funding) Requirements

Comparison of	Fiscal '97 Actual	Fiscal '98 Actual	Fiscal '99 Actual	Fiscal '00 Forecast	Fiscal '01 Budget
Operating Profit in $000	$1,403	$1,785	$2,005	$2,034	$2,011
Environmental	$(796)	$(895)	$(28)	$(100)	$(0)
Sustaining Capital	$(0)	$(33)	$(1)	$(50)	$(100)
Construction	$(3,956)	$(131)	$(0)	$(0)	$(0)

Operating

The Bridge Studios is the Corporation's most profitable facility. The increase in demand and strong future prospects have resulted in new stages being built, and there are continuing plans for expansion, both on- and off-site.

The Bridge is on former industrial lands, so development has been hampered by the required removal of environmental contaminants. Over the past five years, close to $2 million has been spent on soils remediation. The site has been paved recently to stop runoff from contaminating groundwater. In its current state, the site complies with regulations, but any construction would result in further soils disturbance and remediation.

Revenues have risen sharply over the past few years and are budgeted for fiscal 2001 at close to $3.5 million. All stages are currently occupied and bookings extend into fiscal 2001. Staffing, operating and property taxes comprise the largest portions of facility costs. With only five staff and fixed property taxes, there is little latitude to reduce costs. The cost base is expected to rise over the next few years, with additional stages attracting increased property taxes.

Capital

The Studios' buildings are constructed warehouse-style, so capital improvements to the existing structures have been kept to a minimum over the past few years. With long-term tenants in the buildings, improvements to the office space are mostly provided by the tenants as part of their rental deals as this space is limited and in high demand.

CORPORATE OFFICES

600 - 375 Water Street
Vancouver, BC V6B 5C6

- 22 employees at the Corporate Office.
- Home to executive offices of the Corporation plus some centralized services: Human Resources, Marketing and Communications, and Finance.

Contribution (Funding) Requirements

Comparison of	Fiscal '97 Actual	Fiscal '98 Actual	Fiscal '99 Actual	Fiscal '00 Forecast	Fiscal '01 Budget
Operating requirements in $000	$(1,372)	$(1,798)	$(1,887)	$(1,800)	$(1,801)
Capital	$(313)	$(355)	$(57)	$(300)	$(150)

Operating

Revenues for the Corporate Office are mainly interest from monies on deposit.
Facility costs have flattened over the past few years, with reorganizations within the Corporation and the reduction of executive positions. Costs for fiscals 2000 and 2001, net of recoveries from facilities, are estimated to be around $1.980 million.

Capital

The Corporate-wide computer capital expenditures have historically been processed through the Corporate Office. Over the past few years, technology has been upgraded so that all full-time employees now have a computer workstation at their desks, with access to e-mail and other tools necessary to effectively perform their jobs. Facility salespersons have access to an Event Management and Booking System, which will eventually link with the corporate financial systems.

PAVCO
PERFORMANCE MEASURES

Strategic Goal:
– to increase economic benefit to the Province of British Columbia.

Performance measure:
– Compare net economic benefits generated by the Corporation.

	Actual fiscal 1999	Forecast fiscal 2000	Budget fiscal 2001
Benefits	$463 million	$550 million	$508 million

Strategic Goal:
– to improve financial performance.

Performance measure:
– Compare annual subsidy required for operations.

	Actual fiscal 1999	Forecast fiscal 2000	Budget fiscal 2001
Subsidy Required	$1.262 million	$33,000	$351,000

Strategic Goal:
– to provide a high level of service and value to our customers.

Performance measure:
– Measure repeat clients to the facilities.

	Actual fiscal 1999	Forecast fiscal 2000	Budget fiscal 2001
Repeat clients			
VCEC	36%	52%	50%
B.C. Place Stadium	62%	80%	80%
Robson Square	62%	65%	65%
Tradex	53%	65%	75%

– Measure customer satisfaction surveys.

	Actual fiscal 1999	Forecast fiscal 2000	Budget fiscal 2001
Customer Satisfaction Rating			
VCEC	5.19 of 6	5.04 of 6	5.25 of 6
B.C. Place Stadium	4.6 of 6	5 of 6	5 of 6
Robson Square	5.0 of 6	5.2 of 6	5.2 of 6
Tradex	5.1 of 6	5.2 of 6	5.2 of 6

Strategic Goal:

- to maximize penetration of target markets through innovative, creative, and efficient marketing initiatives.

Performance measure:

- Measure facility utilization.

	Actual fiscal 1999	Forecast fiscal 2000	Budget fiscal 2001
Facility Utilization			
VCEC	71%	72%	70%
B.C. Place Stadium	36%	50%	50%
Robson Square	61%	60%	60%
Tradex	45%	53%	55%
Bridge Studios	95%	95%	95%

- Measure number of events by type.

	Actual fiscal 1999	Forecast fiscal 2000	Budget fiscal 2001
Events by Type			
Conventions	54	69	71
Trade Shows	54	46	42
Consumer Shows	33	42	39
Special Events	132	132	119
Entertainment	0	1	0
Sports	22	18	18
Meetings	679	640	654
Banquets	207	157	207

- Track attendance by facility.

	Actual fiscal 1999	Forecast fiscal 2000	Budget fiscal 2001
Facility Attendance			
VCEC	750,599	743,000	693,000
B.C. Place Stadium	694,462	850,000	800,000
Robson Square	134,860	140,000	110,000
Tradex	228,446	230,000	240,000

Strategic Goal:

- to maintain, improve and expand our properties.

Performance measure:

- Measure estimated lives remaining of major assets.

	Actual fiscal 1999	Forecast fiscal 2000	Budget fiscal 2001
Stadium roof	9 years	8 years	8 years
Stadium Internal Videoboards	3 years	10 years	9 years
Stadium Artificial Turf	5 years	5 years	4 years
VCEC Roof	10-15 years	10-15 years	10-15 years

– Measure rate of replacement of assets.

	Actual fiscal 1999	Forecast fiscal 2000	Budget fiscal 2001
Rate of replacement	1.0%	1.2%	1.1%

– Measure return on investment for major assets.

	Actual fiscal 1999	Forecast fiscal 2000	Forecast fiscal 2001
Bridge Studios addition	15%	15%	15%
Starboards	N/A	<10%	40%

Strategic Goal:

– to create healthy and supportive work environments for organizational and personal success.

Performance measure:

– Measure employee equity.

Statistics being collected

– Measure employee turnover.

	Actual fiscal 1999	Forecast fiscal 2000	Forecast fiscal 2001
Exempt staff	7%	16%	12%
Bargaining unit	10%	21%	17%

– Measure employee satisfaction.

	Actual fiscal 1999	Forecast fiscal 2000	Budget fiscal 2001
Values Survey	3.75/5	3.53/5	3.75/5

– Measure number of training hours.

	Actual fiscal 1999	Forecast fiscal 2000	Budget fiscal 2001
All staff Exempt Staff	14 hours	16 hours	18 hours